SPECIAL
9 PAGE SECTION
ON AIR BAGS

NAFA Bulletin
The Magazine for Fleet Administrators
April 1986

Myths Facts About Air Cushions

MYTH #1: An air cushion is not an effective occupant restraint because it only works in one kind of crash.

FACTS: The air cushion is intended by design to protect against fatal and serious injury in front and front-angle crashes. Because these account for about half of all car crash deaths, air cushions are a very important aspect of total occupant protection.

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NAFA Bulletin

The Magazine for Fleet Administrators
April 1986

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FEATURES

10 **Personal Use Survey — Part II: A Look At Public Utility, Government and Canadian Fleets**
This is a continuation of last month's report on the results of NAFA's annual survey. This month we look at how Public Utility, Government and Canadian fleets provide company vehicles and how their employees are charged and/or reimbursed for personal use of company or personal cars.

18-27 **More Than 200 Hear Air Bag Update at Washington Seminar**
In this special nine-page section, NAFA highlights a recent conference on air bags, provides a brief history of the safety device, reports on what manufacturers are doing regarding installation of the restraint and compares myths and facts of air bags.

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Stress is an inevitable obstacle in our lives. Here, we present you with typical stressful scenes that might occur in your fleet management job and explain how you can recognize factors that cause stress. The article also presents how several companies enforce stress management seminars for their employees.

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Personal Use Survey — Part II:

A Look At Public Utility, Government and Canadian Fleets

This second segment of NAFA's Personal Use Survey looks at personal use of company provided vehicles, criteria for car assignment and reimbursement for use of personally owned cars.

Public Utility

Personal Use Policies

Twenty public utility fleets, responsible for 14,531 vehicles (8,566 U.S. company-owned; 3,700 U.S. employee-owned and 2,265 U.S. leased) responded to the survey.

Fifteen of the fleets allow employees to use company cars for personal use. Thirteen of those 15 allow personal use after work hours, 12 allow it on weekends and holidays and seven while the employee is on vacation. Ten fleets have no limit on the amount of personal mileage a driver can put on a car; three do. This results in an average monthly personal mileage total of approximately 755 miles, or an estimated 21.3 percent of the companies' total fleet mileage.

Twelve of 15 fleets charge their drivers for personal use of a company car. Nine fleets charge a mileage fee of approximately 22.2 cents a mile; no fleets charge a flat rate every period, and two use a combination of both methods. Ten fleets said they did not increase the charges for personal mileage over last year's fees; three did.

When collecting personal use mileage charges, six fleets do so through salary deductions, none use expense reports and five collected via "other" methods.

Only four fleets allow personal use of company cars by an employee's spouse. Two fleets allow employee's children to use company cars and one allows "others" to use the cars. Thirteen fleets have no minimum age requirement to use the company cars; three do.

None of the 17 respondents charge employees for an accident if the accident occurs while the employee is using the car for personal reasons. However, six fleets charge the employee with an accident if someone else was driving the car at the time the accident occurred; seven fleets do not.

Car Assignment

The most important factor in determining who gets a company car, according to results, was the employee's job title; 13 fleets said they base their decision on this criterion. Eight fleets assign cars according to the employee's total mileage driven on the job. The average yearly mileage in this case was 12,000. Five fleets gave "other" reasons for assigning cars and three said the cars were assigned as part of the employee's fringe benefit plan.

If an employee's company-assigned car is inoperable, 17 fleets will allow him/her to use their personal car, 14 fleets will set up a car pool system, 12 rent a car and five use the districts manager's car.

Reimbursement Policies

When reimbursing an employee for business use of a personal car, 14 fleets pay for mileage only. The average payment per mile was 23.1 cents. Two fleets pay a fixed amount plus a mileage fee. None pay just a fixed amount, use the Runzheimer Schedule or a graduated scale.

When reimbursing an employee for business use of a personal car because his/her company car was inoperable, 15 fleets pay for mileage only. The

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Personal Use Survey — Part II

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average payment was 20.5 cents a mile. No other method of payment was cited in this case.

If an employee loses eligibility for a company car because of a transfer or reassignment, four fleets reimburse him/her in some manner; 14 fleets do not.

Fourteen fleets said they have not been audited by the IRS in the previous two years, but one has been. That one company said during the audit, that its personal use policies were investigated.

Government Fleets

Personal Use Policies

Thirty government fleets in charge of 39,595 vehicles (39,568 U.S. company-owned, 25 U.S. leased and 2 U.S. employee-owned) responded to the survey.

Sixteen fleets said they allow employees to use a company car for personal use; thirteen fleets say this is prohibited. Regarding when those employees can use the company cars for personal use, 11 fleets permit it after work hours, seven fleets permit personal use on weekends and holidays and two fleets while the employee is on vacation. Conversely, 11 fleets do not permit personal use after work hours, 13 do not permit it on weekends or holidays and 17 do not allow personal use on vacations.

One-third of the responding fleets (10) have limits on the amount of personal mileage a driver can put on a company car, whereas 11 fleets do not have these limits. The result of this is approximately 2,060 personal miles driven by every driver in this category every year. Respondents estimate this amount to be an average of 7.2 percent of their total yearly fleet mileage.

The same number of fleets (11) charge drivers for personal mileage put on a company car as those who do not. The most used method of charging drivers was a flat rate every week or month; nine fleets noted they used this method. One fleet charged an average of 21 cents a mile and one used a combination of both methods. Eleven fleets said no increase in charges for personal mileage was necessary from last year's prices; seven fleets raised their charges.

"The same number of government fleets (11) charge drivers for personal mileage put on a company car as those who do not.... Eleven fleets said no increase in charges for personal mileage was necessary from last year's prices; seven fleets raised their charges."

The most used method for collecting personal mileage charges was via salary deductions where seven fleets cited this method as their preference. No fleets said they used expense reports and three used "other" collection methods.

Of the 18 fleets that responded, one allowed personal use of a company car by the spouse of the employee. No fleets allow the children or "others" to use company cars for personal reasons. Fourteen fleets noted they did not have minimum age requirements to drive company cars while six did.

Five fleets charge a driver for an accident if the accident occurred during personal use of a company car. Two of these fleets charge the driver the full amount of the accident damage and one charges the insurance policy deductible amount. None charge a fixed share or a certain dollar amount of the accident; two fleets charge "other" rates.

Car Assignment

In responding government fleets, the most significant reason to delegate a company car to an employee is the person's job title; 18 fleets use this criterion. Fourteen fleets determine car assignment by the average yearly total mileage the person drives. In this case, the average mileage was 7,957. Nine fleets assign a company car as part of the employee's fringe benefit plan and eight cite "other" reasons for car assignment.

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Personal Use Survey — Part II

(Continued from page 12)

When an employee's company-assigned car is inoperable, 23 fleets set up a car pool system. Twenty-one fleets allow the employee to use his/her personally-owned vehicle; eight rent a car for the employee and five allow the employee to use the district manager's car.

Reimbursement Policies

When reimbursing an employee for business use of a personally-owned car, 20 fleets pay for mileage only with the average payment being 21.5 cents a mile. Four fleets pay a fixed amount plus a mileage fee. The average mileage payment in this case was 20.7 cents a mile and the average total monthly payout for these fleets was $212.50. No fleets responded that they used a flat rate every month, the Runzheimer Schedule or a graduated scale of payment.

When reimbursing an employee who used a personally-owned car because his/her company-assigned car was inoperable, 19 fleets pay for mileage only. The average payment per mile was 21 cents. One fleet pays a fixed amount plus mileage.

"Thirty-nine Canadian fleets allow their employees personal use of company cars after work hours and on weekends and holidays. Thirty-eight allow the employee to use the company car for personal use while on vacation."

When answering, "Does your company compensate employees who, because of transfer or reassignment, are no longer eligible for a company car?" all 25 respondents said "No."

Twenty-five fleets also said they had not been audited by the IRS within the previous two years. One fleet had been audited and the procedure included investigation into its personal use policies.

Canadian Fleets

Personal Use Policies

Forty-one Canadian fleets responsible for 19,340 vehicles (10,075 Canadian company-leased, 8,266 Canadian company-owned and 999 Canadian employee-owned) responded to the survey.

Thirty-nine fleets allow their employees personal use of company cars after work hours and on weekends and holidays. Thirty-eight allow the employee to use the company car for personal use while on vacation. A majority of fleets (33) have no limit on the amount of personal miles a driver can put on a car. The average yearly personal mileage driven by each employee was 6,968 miles. This total, the respondents estimated, was considered 21 percent of the total yearly fleet mileage.

Twenty-five fleets charge their employees for personal use of company cars. The most cited method of charging was a flat rate every week or month. Or, fleets charge a mileage-driven rate with the average payout being nine cents a mile. Three-quarters of responding fleets (27) did not increase the rates they charged drivers for personal use of company cars over last year's prices; nine fleets did so.

Twice as many fleets use salary deductions, as opposed to expense reports, to collect the charges for personal mileage driven. Fifteen fleets use salary deductions; seven use expense reports. Three fleets collect using "other" methods.

Thirty-seven fleets allow personal use of a company vehicle by the spouse of an employee. Thirty allow personal use by the children of employees and ten allow it by "others." Twenty-five of 39 fleets have no minimum age requirement to drive the company car for personal use.

If an employee has an accident while using the car for personal reasons, 24 of 40 responding Canadian fleets charge the operator for the accident. Nineteen fleets charge the insurance policy deductible amount, six charge a dollar amount based on the cost of the accident and two charge a fixed share of the total damage. Twenty-three fleets also charge the employee for an accident if another person is operating the car at the time the accident occurred; 14 fleets do not do this.

Car Assignment

The most influential factor in determining who gets a company car in Canadian fleets is the employee's job title, according to results. Thirty-one fleets use this criterion. Seventeen fleets base this decision on the mileage driven by the employee. The average mileage driven by those who got cars was 10,775. Sixteen fleets assign cars as part of the employee's fringe benefit plan and three gave "other" reasons.

When an employee's company-assigned car is inoperable, 32 fleets rent a car for the employee, 25 allow the employee to use his/her personally-owned vehicle, 12 set up a car pool system and five allow the employee to use the district manager's car.

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SUMMARY OF SURVEY RESPONSES

Industry Group	Number of Fleets	Company Owned Cars	Company Leased Cars	Employee Owned Cars	Totals
Canadian	41	8,266	10,075	999	19,340
Government	30	39,568	25	2	39,595
Public Utilities	20	8,566	2,265	3,700	14,531
Totals	91	56,400	12,365	4,701	73,466

Personal Use Survey — Part II

(Continued from page 14)

Reimbursement Policies

When reimbursing an employee who used his/her personally-owned car for business, 26 fleets pay for mileage only. The average payout for these fleets was 27.5 cents a mile. Six fleets pay a fixed amount plus mileage every period. The average costs for these fleets was 15.6 cents a mile and a weekly payout per employee of $48. Two fleets pay a fixed amount every period and two use the Runzheimer Schedule of payment. None use a graduated scale of payment.

When reimbursing an employee who used a personally-owned car because his/her business car was inoperable, 27 fleets pay for mileage only with the average payment being 24.1 cents a mile. One fleet pays a fixed amount every period. None pay a fixed amount plus mileage.

If an employee loses his/her eligibility for a company car because of a transfer or reassignment, 20 Canadian fleets responded they compensate that employee in some fashion; 14 fleets do not.

One Canadian fleet was audited by the Internal Revenue Service while 35 claimed they were not. The one audit included investigation into the company's personal use policies. ■

PERSONAL USE SURVEY SUMMARY

	Canadian (41)		Government (30)		Public Utilities (20)	
	Yes	No	Yes	No	Yes	No
Personal Use Permitted						
After Work	39	1	11	11	13	2
Weekends and Holidays	39	1	7	13	12	3
Vacations	38	1	2	17	7	7
Limits on Personal Use	5	33	10	11	3	10
Charge For Personal Use	25	11	11	11	12	3
Mileage Charge	9	1	1	1	9	0
Flat Rate	14	1	9	0	0	0
Both or Other	0	1	1	0	2	0
Charge Collected By						
Expense Report	7	0	0	0	0	1
Salary Deduction	15	0	7	0	6	0
Both or Other	3	0	3	0	5	0
Use Permitted By						
Employee & Spouse	37	0	18	0	16	0
Employee & Children	30	0	0	0	2	0
Employee & Others	10	0	0	0	1	0
Minimum Age Limits	14	25	6	14	3	13
Repair Costs Paid By						
Employee	24	16	5	17	0	17
Full Amount	0	–	2	–	0	–
Fixed Share	2	–	0	–	0	–
Dollar Amount	6	–	0	–	0	–
Insurance Deductible	19	–	1	–	0	–
Accident Charged	23	14	7	8	6	7
Increase Charge in 1985	9	26	7	11	3	10
Alternate Transportation						
Employee's Car	25	4	21	2	17	1
Rental Car	32	0	8	9	12	2
District Manager's Car	5	10	5	10	5	3
Car Pool	12	10	23	0	14	0
IRS Audit	1	35	1	25	1	14

Note: – denotes no fleets responded to this question.

More Than Update at

Three decades have passed since air bags were first introduced to the auto industry. Controversy over their effectiveness exists as much today as it did then. In this special nine page section on air bags, NAFA features highlights of a recent Washington conference on air bags, provides a brief history of the safety restraint, reports on what the manufacturers are doing about air bags and compares air bag myths versus air bag facts.

More than 200 fleet administrators and risk managers met recently in Washington, D.C. to learn more about air bags and how this "new" technology can work to control bottom-line cost of both lives and dollars.

The Insurance Institute for Highway Safety (IIHS), the National Safety Council (NSC) and the National Governor's Highway Safety Representatives joined forces to present a one-day seminar, "Protect Company Car Drivers."

Brian O'Neill, IIHS president, said the time has come to seriously consider buying cars with automatic restraints to better protect employees.

"For the first time," O'Neill said, "a number of car manufacturers are beginning to put air bags and other automatic protection in their new cars. Next year, every manufacturer will be offering automatic crash protection — air bags or automatic belts — on some of their models."

O'Neill noted that auto crashes are the leading cause of death in the United States for people aged one to 35 and account for approximately half of all deaths of 16-to-22 year-olds.

"More than 20,000 motor vehicle deaths each year involve front-seat occupants of passenger vehicles. The U.S. Department of Transportation has projected that there will be almost 25,000 such deaths, 370,000 moderate to critical injuries and almost three million minor injuries by 1990 if restraint use does not change," O'Neill said.

Experts agree the most significant way to reduce the death toll is through the use of air bags. Air bags are not just an expensive alternative to seat belts; they offer more protection, especially for the face and head, in high speed crashes than do seat belts. "The combined use of seat belts with air bags is the most effective restraint system yet developed," commented O'Neill.

"Air bags prevent many of the debilitation and costly injuries that seat belts don't necessarily stop," O'Neill continued. "That's why air bags are worth the extra cost."

Seat Belts

Alan Williams, research vice president for IIHS, noted that when seat belts are used, they can lower an occupant's risk of death by 40 or 50 percent. However, when use is voluntary, only 10 to 15 percent of drivers use them.

"Even if high use levels are achieved through mandatory use laws, enforcement programs at work and other methods," Williams said, "it is not a sufficient solution. In low to moderate

200 Hear Air Bag Washington Seminar

speed crashes, up to about 25 miles per hour head-on, lap shoulder belts are particularly effective. But in crashes at higher speeds, even belted occupants can and often do hit steering columns, windshields and dashboards — especially with their faces and heads. Air bags can prevent such injuries to belted occupants."

How They Work

The importance of air bags has been proven over the years in studies showing about 55 percent of all deaths and major injuries involve frontal and front-angle crashes — the kind in which air bags work best.

Completely out of the way and out of sight until they are deployed in crashes, air bag systems are designed to keep occupants from hitting the steering wheel, instrument panel, windshield or windshield frame.

In a front or front-angle crash with an impact of 12 miles per hour or more (the speed above which almost all injuries occur), crash sensors trigger an inflator. The inflator then allows nitrogen gas — which is 78 percent of the air we breathe — to fill the fabric pillow and cushion the occupants. The air cushion diffuses the potentially harmful forces of the human collision by serving as a pillow between the occupant and the vehicle's interior.

The violence of virtually all crashes is over in one-eighth of a second or less. Peak inflation of air bags occurs in less than one-twenty-fifth of a second — faster than the blink of an eye.

As stated, the air cushion works during the second "collision." In a frontal crash, the crashing vehicle is stopped abruptly but the unrestrained occupant continues to move forward at the same speed the vehicle was traveling just before impact. The second, or human, collision — the one in which people are injured or killed — occurs when the moving occupants slam into the vehicle's interior or are thrown from the vehicle altogether.

Air bags are designed to remain inflated long enough to protect occupants in multiple collisions. That is, in a crash in which an air bag-equipped vehicle hits another vehicle or fixed object, bounces off, and is involved in a second or third impact, the cushions are designed to protect front-seat occupants throughout the crash sequence.

Cost Factors

While air bags now are not inexpensive, as more cars are installed with them and demand

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"Air bags are not just an expensive alternative to seat belts; they offer more protection, especially for the face and head, in high speed crashes than do seat belts."

Air Bags Update

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increases, their price is sure to drop. Also, the present cost of an air bag system is roughly equal to the cost of a one-day stay in the hospital as a result of car crash injuries. One serious injury can cost as much as an entire fleet of air bag-equipped cars. A single serious brain or spinal cord injury to an employee in a company car can cost $1 million or more.

In 1984, motor vehicle crashes cost Americans $47.6 billion in damages. Accidents on the job cost $32 billion. Thirty-seven percent of corporate safety problems are auto-related, according to the NSC.

Hidden Costs

"It is important to remember," said New Jersey Republican Senator Frank Lautenberg at the conference, "and more difficult to calculate, the loss of productivity from those injured or killed in motor vehicle accidents and the cost of replacing them, either temporarily or permanently. The average direct cost for an employee killed in a car accident is $120,000. The indirect costs of simply replacing an employee have been calculated by the National Highway Traffic Safety Administration (NHTSA) to be seven or eight times greater than the direct costs."

Some of those indirect or hidden costs include:

1. Supervisor's time diverted in accident investigation and reporting, rescheduling and making special arrangements to cover the absences of an injured employee.

2. Overtime pay incurred to cover the work of a missing employee.

3. Temporary replacements hired to make up the work of the injured employee. Added to this is the fact that the temporary worker may not match up to the special knowledge, skill or personal contacts of the injured worker.

4. Retraining that might be necessary when the injured employee returns to work.

5. Loss of productivity when the injured worker returns until he/she gets back to normal levels of work.

6. Hiring of a permanent replacement if worker is permanently disabled or killed. Recruiting and training costs are also incurred here.

7. Administrative costs of documenting injuries, arranging for medical treatment and meeting the requirements of state workers' compensation laws.

Lautenberg continued, "If your company's costs attributable to motor vehicle accidents are high and the technology to cut those costs is available and reliable, then I think it is just plain good business to explore the fleet purchase of passive restraints. By doing so, you not only can cut costs, but you might just save the life of an employee who would prove very difficult and expensive to replace.

"Corporate fleet purchase would have a profound effect on

Annual Incremental Reduction in Occupant Deaths for Lap/Shoulder Belts Alone and Air Bags Plus Lap/Shoulder Belts

Belt Usage	Lap/Shoulder Belt	Lap/Shoulder Belt Plus Air Bag	Difference
20 percent	870	7,250	6,380
40	3,220	8,310	5,090
60	4,580	8,850	4,270
70	6,720	9,910	3,190

Based on DOT estimates of front seat fatalities in 1990 and the effectiveness of occupant restraint systems.

the market ... Fleet buyers constitute 18 percent of the new car market. What you put in your cars will have a lot to do with what goes into cars sold to the general public."

Timothy Wirth, chairman of the Subcommittee on Telecommunications, Consumer Protection and Finance, added, "Buying safety will also be good public relations for your company because it is the height of corporate responsibility — to protect employees by saving lives and preventing injuries."

Wirth recognized the fact that it is not always easy to recommend that your company spend more money for automobiles, but, he said, fleet managers should emphasize the fact that vehicles are corporate investments. Such investments, Wirth said (just as training programs, health and exercise programs and fringe benefits) are investments that cost a little extra in the short run but pay high dividends over the long run.

(Continued on page 59)

"The most difficult problem facing air bags is a lack of positive promotion. There has been little or no selling job done to educate the American public on the need for this technology."

What the Attendees Said...

A sampling of reactions from attendees at the "Protect Company Car Drivers" seminar indicates that the presentations were well-received and informative. However, not everyone was in agreement with the thrust of the seminar.

For example, Beverly Boyd, corporate fleet manager, McCormick & Company, Inc., Hunt Valley, Maryland, said she "didn't feel the stress on using air bags in combination with seat belts was strong enough." She adds, "If the air bags got down to an option that was not too expensive, I would consider them but even then, bags without seat belts are useless; the driver would be thrown around too much inside the car."

George Maheu agrees. Maheu, fleet administrator, Thomas J. Lipton, Inc., Englewood Cliffs, New Jersey, commented: "The seminar was well-presented and the information was good, but I'm not convinced that air bags are the answer. We need mandatory seat-belt laws, because unless the bags are used with seat belts, they are not that effective."

An attendee from a New Jersey insurance company had a different response. When asked whether he thought the current costs of air bags was prohibitive, he noted, "You can't look at costs with blindfolds on; if you do, you're not looking at the benefit. It boggles the mind that an $800 item can reduce all the other costs (hospital, loss of productivity, workers' comp, and so forth) and save lives or injuries. We currently have 100 Ford vehicles with air bags on order for this year."

Still another attendee, Rick Wetzel, corporate fleet manager at Alexander & Alexander, Baltimore, Maryland, feels that legislation is needed to overcome the cost factor for most companies. He notes, "A legislative mandate for air bags would not only produce the desired result of increased driver safety. An important by-product would be the drastically lower prices which result from mass production."

Sy Berg, fleet administrator, Empire Blue Cross & Blue Shield, New York, New York, thought the Washington seminar was "very good" and was interested to learn that with new technology some air bags do not deploy above eye level on impact. Berg stated that "when air bags are available and factory installed as an affordable item in a regular line of cars, I will certainly want them for our fleet."

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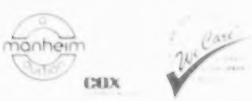

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713 869-6485
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Reconditioning Facilities: Complete
Tuesday 11:00 A.M.

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Grand Prairie, Texas 75050
Auction Telephone: 214 264-2344
Barry Roop
Pick Up and Delivery
Complete Reconditioning and Clean Up
Wednesday 10:30 A.M.

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Additional listings on page 60

Air Bags Update

(Continued from page 21)

Promotion Problems

According to Charles Gilchrist, president of the National Safety Council, the most difficult problem facing air bags is a lack of positive promotion. "There has been little or no 'selling job' done to educate the American public on the need for this technology," he added.

Speaking to all fleet managers in the industry, Gilchrist said: "We need help — your help. And we are hopeful that the positive results that can be demonstrated in fleet programs will spill over to the general public."

John Schaefer, assistant director of engineering at The Travelers Insurance company, spoke of his company-wide safety policies, which include the use of air bags. "Although the road to developing an all air bag-equipped fleet has not been entirely smooth for us, we have found the benefits have overshadowed any concerns.

"A few employees initially were uncertain about air bags. Some were afraid that the air bag might deploy inadvertently. Those concerns, however, were quickly dispelled when they heard about the first accident in which an employee's life was saved by an air bag. We soon had calls from other employees asking when **they** were getting air bag-equipped cars.

"We have had three accidents with the air bag-equipped cars... we look at those accidents as living proof that air bags do save lives." ■

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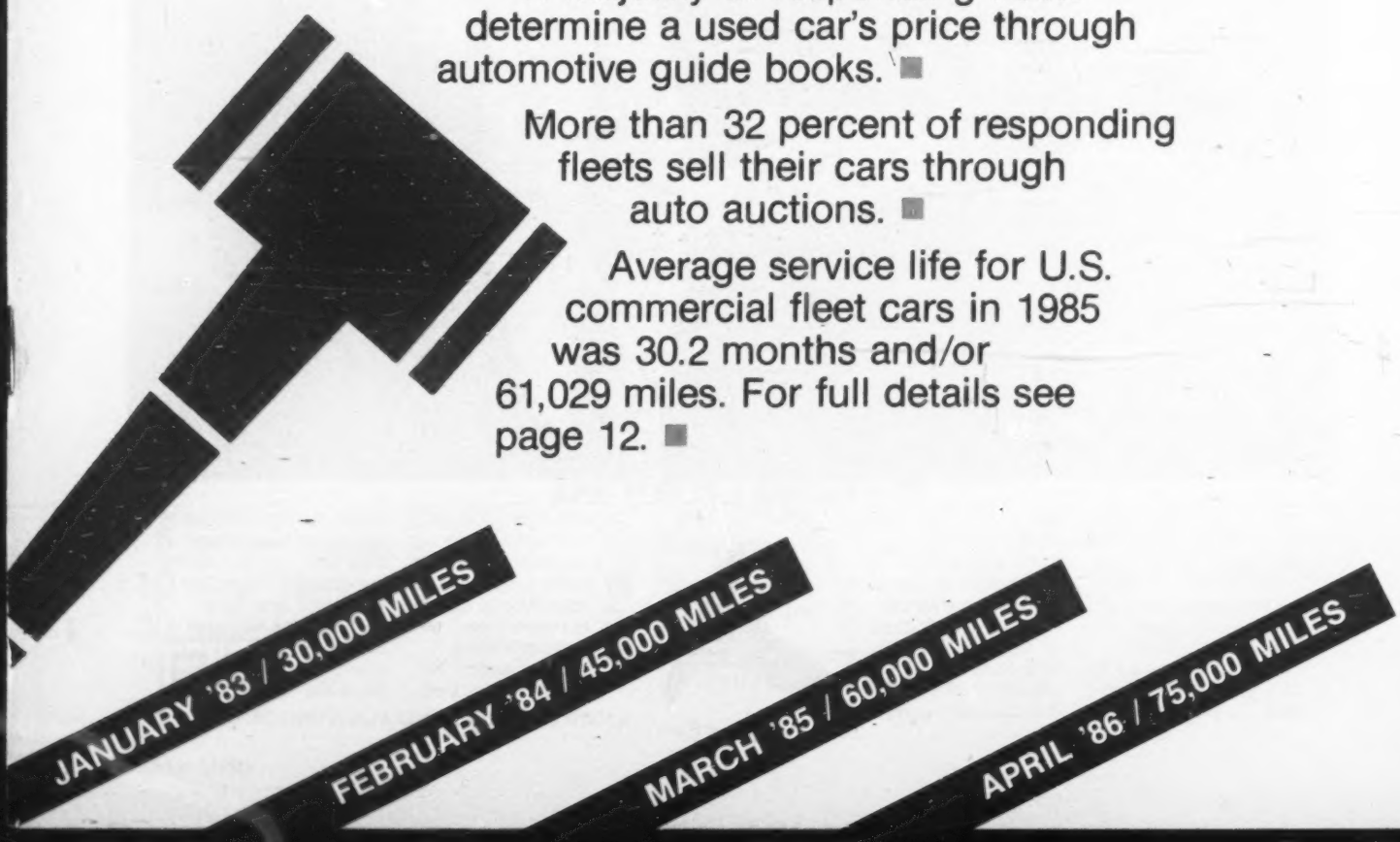
NAFA
Bulletin
The Magazine for Fleet Administrators
May 1986

NAFA'S USED CAR MARKETING SURVEY

A majority of responding fleets determine a used car's price through automotive guide books. ■

More than 32 percent of responding fleets sell their cars through auto auctions. ■

Average service life for U.S. commercial fleet cars in 1985 was 30.2 months and/or 61,029 miles. For full details see page 12. ■



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NAFA Bulletin

The Magazine for Fleet Administrators
May 1986

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FEATURES

5 **DaSilva, Bergman, Alacchi and O'Connor: NAFA's Special Consultants**
Behind NAFA, there are several good consultants who make your organization work better for you so that it can serve you as well as you'd like. Here we give you a short history of our consultants and exactly what they do.

12 **1985 Used Car Marketing Survey Shows Average Life Is 30.2 Months/61,029 Miles**
A total of 323 fleets, responsible for 292,035 vehicles, responded to NAFA's survey regarding how long fleets keep their cars, how they sell their vehicles and how they price used cars. The survey is broken down into four major groups: U.S. Commercial Fleets, Canadian Fleets, Government Fleets and Public Utility Fleets. U.S. Commercial Fleets are further broken down into seven separate industry categories. This article summarizes all the responses and presents the data in easy-to-read industry sections.

25 **How To Develop An Effective Fleet Safety Program**
At a recent meeting of NAFA's Ontario Chapter, fleet managers tackled the dual task of designing a fleet safety program and then persuading management to adopt it. The case study they examined is reprinted here followed by solutions to questions developed by a team assigned to each of the various problems.

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NAFA Exclusive

1985 Used Average Service

A total of 323 fleets, responsible for 292,035 vehicles, responded to NAFA's 1985 Used Car Marketing Survey. To provide an easily understood method of deciphering replacement cycle policies and used car marketing methods of these respondents, we have broken them down into four basic categories: U.S. commercial fleets, government fleets, public utility fleets and Canadian fleets. Further, the U.S. commercial fleets section is broken down into chemical and petroleum, consumer manufacturing, drug and cosmetic, food and beverage, industrial manufacturing, insurance and miscellaneous fleets.

U.S. Commercial Fleets — Summary

This survey had 221 U.S. commercial fleets, responsible for 187,952 vehicles (65,749 company-owned, 108,462 leased and 13,741 employee-owned) respond. Their cars were in service for an average of 30.2 months and driven an average of 61,029 miles before replacement.

These fleets marketed an average of 30 percent of their cars in 1985. Almost four percent (3.7) of these cars were 1981 models or older; 26.4 percent were 1982 models; 38.57 percent were 1983 models; 15.29 percent were 1984 models, and 2.7 percent were 1985 models, or one-year-old cars.

Thirty-two percent of the group's cars were sold at auto auctions; 29 percent to the employee; 28 percent to wholesalers; 7.5 percent were traded to new car dealers, and 3.5 percent traded to used car dealers.

Fleet managers are responsible for the sale of used cars in 56 percent (124) of the U.S. commercial fleets. Leasing companies dispose of 31 percent (69 fleets) of the cars; a fleet management service slightly less than six percent (5.8 percent or 12 fleets); the company's field office four percent (nine fleets), and the vehicle operator disposes of the vehicle 3.2 percent of the time (seven fleets).

When U.S. commercial fleets sell their cars to their employees, price is determined most often (42.2 percent) by use of the Automotive Market Report (AMR). Fifteen percent base the price on the NADA Wholesale prices; 9.9 percent go with the wholesale value; six percent responded that they use "book value;" six percent use the market value; 5.5 percent use the Black Book value; 5.5 percent use the leasing company amount; 5.5 percent use "other" values; 1.7 percent use the Blue Book value; 1.1 percent sell the car for the amount still owed on it; 1.1 percent sell the car for the highest bid it receives and .5 percent sell it for the amount at which it is appraised.

Final decision on which of the above pricing systems to use to sell a company car to U.S. commercial fleet employees rests mainly with the fleet manager. Eighty-two percent (181) of the fleets let the manager make the decision; 8.4 percent (29) let the leasing company decide; another 8.4 percent allow "others" to decide, and .6 percent allow the car dealer to decide.

Seventy-four percent (163) of these fleets do not plan any changes in the time or mileage schedules they have for disposing of their vehicles; 26 percent (58) do. These specific changes are discussed separately under each industry group. A vast majority of these fleets, 85 percent, do not recondition cars and most (96 percent) sell cars "as is." It is important to note that percents do not always equal 100. Not all survey respondents answered every question.

Insurance Company Fleets

The Insurance Group consists of fifty-one insurance company fleets, responsible for 36,363 vehicles (26,745 company-owned, 9,515 leased and 103 employee-owned). In 1985, these fleets sold 12,180 vehicles, or 41 percent of the vehicles in service at the beginning of the year.

Car Marketing Survey Shows Life Is 30.2 Months/61,029 Miles

Twenty-nine percent of the cars sold were 1983 models; 22 percent were 1982 models; 15 percent were 1984 models; five percent were 1985 models, and three percent were 1981 models or older.

Marketing Methods

When marketing their used cars, 27 percent of these fleets sold their cars to the employee; 25 percent sold to auto auctions; 18 percent to wholesalers; 17 percent traded the car to a new car dealer, and five percent sold cars to used car dealers.

Average age for cars marketed was 29.9 months. On average, most cars were driven 57,960 miles.

For responding insurance company fleets, 41 said the responsibility of marketing the used cars was the fleet manager's. Nineteen fleets said this responsibility is left to the leasing company; six use a fleet management service; two have the field office do the work, and one lets the vehicle operator market the car.

Price Determination

If cars are sold to the employee, price is determined by the Automotive Market Report (AMR) in 20 responding fleets. Seven fleets use NADA prices; four "other" prices; three use their book value; three the Black Book price; three the wholesale price; two the leasing company price, and one the market value price.

Fleet managers determine what pricing system will be used when selling cars to employees in 33 of these fleets. Four fleets said they let the leasing company decide what system to use.

When asked if their company reconditions cars, 39 fleets said 'No' and 12 'Yes.' Forty-seven fleets sell cars "as is" while three do not.

Replacement Cycles

The most frequent 1985 replacement cycle for these fleets was 36 months/60,000 miles (11 fleets). Other cycles noted were 36 months/55,000 miles (6 fleets); 48 months/50,000 miles (4 fleets); 36 months/50,000 miles (2 fleets), and 12 months/25,000 miles, 36 months/48,000 miles, 24 months/45,000 miles, 24 months/70,000, 27 months/55,000 miles, 30 months/60,000 miles, 36 months/65,000 miles, 48 months/35,000 miles, 48 months/47,000 miles, 48 months/65,000 miles, 48 months/70,000 miles, 48 months/100,000 miles, and 50 months/65,000 miles (all one fleet each).

Thirty-five fleets said they were not changing their replacement cycles in 1986. Nine fleets said they were changing their replacement cycles this year and gave various answers as to what those new cycles might be. Five fleets might go to 36 months/50,000 miles; three might increase service life from 36 months/50,000 miles to 48 months/65,000 miles. Fleets shortening service life would like to go from 60 months/70,000 miles to 30 months/55,000 miles; 36 months/60,000 miles to 24 months/50,000 miles; 36 months/60,000 miles to 27 months/50,000 miles, and 36 months/55,000 miles to 27 months/40,000 miles. Three fleets will keep the same monthly cycle but will change their mileage from 60,000 to 50,000. One fleet is changing their mileage from 60,000 to 55,000 and one from 55,000 to 50,000 miles.

Of those fleets changing replacement cycles in 1987, three said the new cycles would be 36 months/55,000 miles; three said 36 months/60,000 miles, and two said 24 months/50,000 miles.

Industrial Manufacturing Fleets

Forty-four industrial manufacturing fleets, responsible for 66,852 vehicles (51,076 leased, 11,209 employee-owned and 4,567 company-owned) responded to the survey. These fleets sold 15,420 vehicles, 23 percent, from their fleets in 1985.

(Continued on page 14)

Used Car Marketing Results

(Continued from page 13)

Forty percent of the cars sold were 1982 models; 35 percent were 1983 models; 12 percent were 1984 models; five percent were 1981 models or older, and one percent were 1985 models.

Marketing Methods

When marketing their used cars, these fleets used auto auctions 34 percent of the time; sold the cars to the employee 30 percent of the time; sold to wholesalers 22 percent of the time; to used car dealers four percent and traded the car to a new car dealer two percent.

Average age for the marketed cars was 29.2 months. They had traveled an average of 61,146 miles.

The responsibility of marketing used cars lies with fleet managers in 38 percent of responding fleets. Leasing companies get this responsibility in 25 percent of these fleets; field offices five percent; vehicle operators three percent, and a fleet management service two percent.

Price Determination

If cars are sold to employees, the selling price is determined by the Automotive Market Report (AMR) in 16 percent of responding industrial manufacturing fleets. Six percent sell at the market value; six percent use the NADA price; three percent use the leasing company amount; three percent use "other" prices; two percent use the Black Book price; two percent use their book value of the car; two percent use the wholesale value of the car, and one percent use the Blue Book value.

Fleet managers determine which of the above pricing systems will be used in 33 responding fleets. Four fleets leave this decision up to the leasing company and one lets "others" decide.

A vast majority, 38 of 42 fleets, do not recondition their cars before marketing them. All 42 sell cars "as is" at times.

Replacement Cycles

Most frequent replacement cycle for 1985 industrial manufacturing fleets was 36 months/60,000 miles (nine fleets). Next was 36 months/55,000 miles (seven fleets). Also mentioned were: 24 months/50,000 miles (three fleets); 37 months/50,000 miles (two fleets); 48 months/60,000 miles (two fleets); 24 months/55,000 miles, 24 months/60,000 miles, 30 months/55,000 miles, 36 months/65,000 miles, 36 months/70,000 miles, 40 months/60,000 miles, and 48 months/70,000 miles (all one fleet each).

Thirty-five fleets said they were not going to change their replacement cycles in 1986. Those who were changing cycles listed several options they might take. Two fleets are going from 36 months/60,000 miles to 30 months/70,000 miles. One is going from 20 months/55,000 miles to 30 months/75,000 miles; one is going from 24 months/50,000 miles to 36 months/60,000 miles. One fleet will use 24 months/50,000 miles; one will use 24 months/60,000 miles; another, 36 months/70,000 miles; one 48 months/70,000 miles. Still other fleets are changing just the mileage cycles. Two fleets will decrease their mileage rate from 70,000 to 60,000. One fleet will go to 55,000 from 60,000; one from 50,000 to 55,000, and one from 60,000 to 45,000.

The most frequently cited replacement cycle on tap for 1987 is both 36 months/55,000 miles and 36 months/60,000 miles — five different fleets gave these as their projected numbers. Two fleets said they would use 24 months/50,000 miles; two said 36 months/50,000 miles; one said 24 months/55,000 miles; one 36 months/435,000 miles; one 36 months/65,000 miles; one 36 months/70,000 miles; one 36 months/75,000 miles, and one 37 months/50,000 miles.

- **In 1985, U.S. Commercial fleets kept their cars in service an average of 30.2 months and drove them an average of 61,029 miles before replacement. In 1984, those figures were 30.2 months and 57,732 miles.**
- **Government fleets keep their cars the longest. Their average service life is 63.9 months and/or 91,679 miles.**
- **U.S. Commercial fleets composed of mostly leased cars keep them for a shorter period of time and drive them less miles than U.S. Commercial fleets composed of mostly company-owned cars. Average replacement cycles for Commercial companies with mostly leased fleets were 30.1 months and/or 41,117 miles. For mostly company-owned Commercial fleets, those figures were 53.3 months and/or 76,063 miles.**

Chemical and Petroleum Company Fleets

Twenty-three Chemical and Petroleum company fleets, responsible for 12,966 vehicles (7,973 company-owned, 4,878 leased and 115 employee-owned) responded to the survey. These fleets sold 3,282 vehicles in 1985 — 25 percent of their total fleets in service at the beginning of the year.

Almost half (43 percent) of the cars sold in 1985 were 1982 model cars or older. Twenty-four percent were 1984 models; 14 percent were 1983 models; 14 percent were 1981 models or older, and no 1985 models were sold.

Marketing Methods

Forty-five percent of the cars were sold to wholesalers. Fifteen percent were sold to the employees; 14 percent were consigned to auto auctions; six percent were sold to used car dealers, and four percent were traded for new cars.

The average age of cars sold in this category was 36 months. They had traveled an average of 67,239 miles.

(Continued on page 16)

Used Car Marketing Results

(Continued from page 14)

Fleet managers have the responsibility of selling cars in 18 responding fleets. Seven respondents said the responsibility goes to the leasing company; three said a fleet management service handles the selling of used cars, and one said the vehicle operator sells the car that he/she drove.

Price Determination

When cars are sold to employees, the price is determined through use of the NADA price list in five fleets. Four fleets use the Automotive Market Report (AMR); three use the wholesale value; one uses the Black Book price; one uses the leasing company value, and one uses "other" methods to determine price.

In eight of the responding fleets, fleet managers determine what pricing system noted above will be used. "Others" determine this in four fleets, and one company lets the leasing company decide what pricing system to use.

Twenty of 21 fleets do not recondition cars before they sell them. All 21 sell cars "as is" at times.

Replacement Cycles

The most often cited replacement cycle for chemical and petroleum company fleets was 36 months/60,000 miles (five fleets). Two fleets use each of the following: 36 months/40,000 miles; 36 months/55,000 miles; 48 months/100,000 miles; 36 months only, and 100,000 miles only. One fleet uses each of these: 36 months/100,000 miles; 36 months/49,000 miles; 60 months/100,000 miles; 60 months/65,000 miles; 60 months/80,000 miles, and 90,000 miles only.

Sixteen fleets said they do not plan to change their replacement cycles in 1986. Those who do plan to do so, however, gave several options they wish to take. One fleet will go from 36 months/60,000 miles to 24 months/55,000 miles; one from 36 months/40,000 miles to 60 months/70,000 miles; one from 36 months/45,000 miles to 60 months/75,000 miles; one from 48 months/100,000 miles to 36 months/50,000 miles, and one from 60 months/80,000 miles to 36 months/60,000 miles. Other fleets will go to 30 months/55,000 miles; 36 months/50,000 miles; 36 months/90,000 miles, 60 months/75,000 miles.

For 1987, four fleets will use 36 months/60,000 miles as their new replacement cycle. Three will opt for 36 months/55,000 miles; two 60 months/75,000 miles; two 100,000 miles only; one 90,000 miles only; one 26 months only; one 36 months/40,000 miles; one 36 months/49,000 miles; one 36 months/50,000 miles; one 60 months/65,000 miles, and one 60 months/100,000 miles.

Average Months and Miles In Service

	Average Months	Average Miles
Drugs and Cosmetics	26.6	56,687
Consumer and Manufacturing	26.8	57,529
Food and Beverage	28.5	62,623
Industrial Manufacturing	29.2	61,146
Insurance	29.9	57,960
Miscellaneous	34.6	64,019
Chemical and Petroleum	36.0	67,239
Canadian	32.2	78,460
Government	63.9	91,679
Public Utility	66.1	78,550

Food & Beverage Company Fleets

Twenty-three food and beverage company fleets, responsible for 12,433 vehicles (7,120 leased, 4,644 company-owned and 669 employee-owned) responded to the survey. In 1985, these fleets sold 4,472 vehicles, or 35 percent of their aggregate fleet in service at the beginning of the year.

Forty-two percent of the cars sold were 1983 models; 19 percent were 1982 models; 18 percent were 1984 models and 11 percent were 1985 models. None were 1981 models or older.

Marketing Methods

When marketing their used cars, fleet managers in this group consigned 46 percent of the cars to auto auctions. Sixteen percent traded the vehicle in to a new car dealer; 13 percent sold to employees; 11 percent sold to wholesalers, and one percent to used car dealers.

The average age of the cars sold was 28.5 months. They had traveled an average of 62,623 miles.

For responding fleets, 17 said fleet managers have the responsibility of marketing the used car. Ten percent gave this job to the leasing company; two percent used a fleet management service; one percent let the vehicle operator sell his/her own car, and one percent had the field office sell the cars.

Price Determination

When these cars are sold to employees, ten fleets base the price on the Automotive Market Report prices. Four sell the car at wholesale value; one uses the Blue Book price; one the value of the car on their books; one the leasing company value; one the NADA price, and one the market value.

Fleet managers were the only one cited for deciding which of the above pricing systems to use; 14 fleets have them do the work. Leasing companies, dealers, or other persons were not given as the one to determine which pricing system to use.

When asked if their company reconditions vehicles before marketing, 20 said they did not; three did. Also, 21 fleets will sell a car "as is" while one will not.

Replacement Cycles

The most frequently noted replacement cycle for these fleets was 36 months/60,000 miles. Also given were 24 months/60,000 miles (two fleets); 36 months/55,000 miles (two fleets); 48 months/45,000 miles (two fleets); 36 months/75,000 miles (two fleets); 24 months/50,000 miles, 27 months/60,000 miles, 36 months/45,000 miles, 36 months/50,000 miles, 36 months/65,000 miles, 36 months/85,000 miles, 36 months/70,000 miles, 48 months/80,000 miles, 70,000 miles only, and 44.5 months only (all one fleet each).

Fifteen fleets said they did not plan to change their replacement cycles this year. Those who did, gave several options they wish to pursue: from 36 months/55,000 miles to 24 months/48,000 miles; from 40 months/78,000 miles to 36 months/60,000 miles; from 48 months/80,000 miles to 36 months only, and from 60 months/125,000 miles to 72 months/175,000 miles. Other cycles mentioned for 1986 were 24 months/45,000 miles; 24 months/48,000 miles; 36 months/80,000 miles; 36 months/60,000 miles, and 36 months only.

For 1987 vehicle replacement, three fleets said they would use 24 months/48,000 miles. Two said 24 months/48,000 miles; two 36 months/60,000 miles; two 48 months/45,000 miles; one 24 months/45,000 miles, 27 months/60,000 miles, 36 months/55,000 miles, 36 months only, and 44.5 months only.

Consumer Manufacturing Company Fleets

Eighteen consumer manufacturing company fleets, responsible for 13,173 vehicles (7,426 leased, 5,747 company-owned, and zero employee-owned) responded to the survey. These fleets sold 4,276 vehicles, or 32 percent of the beginning-year fleet, in 1985.

Forty-five percent of the cars sold were 1983 models. Nineteen percent were 1982 model cars; 12 percent were 1984 models and one percent were 1981 models or older.

Marketing Methods

These fleets consigned 41 percent of their cars to auto auctions and sold 27 percent to their employees. Twenty-one percent were sold to wholesalers, seven percent were traded to new car dealers, and one percent were sold to used car dealers.

The average age of these cars was 26.8 months. They traveled an average of 57,529 miles before being sold.

In fifteen of these fleets, the fleet manager has the responsibility of marketing the used cars. Twelve fleets said they leave that up to the leasing company; one hires a fleet management service; one lets the vehicle operator market his/her own car, and one gives the selling job to the field office.

Price Determination

When selling a car to an employee, twelve fleets determine the price through the use of the Automotive Market Report. Two use the book value they have for the vehicle; one sells it at the wholesale price; one sells it for the amount still owed on it, and one uses NADA figures.

Fleets managers also determine which of the above pricing systems will be used in 11 of the responding fleets. Two fleets use "other" people or methods to determine what pricing system to use and one goes with the market price at all times.

Fifteen fleets do not recondition their cars before selling them; three do. Also, 16 fleets sell cars "as is" while only one does not.

Replacement Cycles

The most often cited replacement cycle for these fleets in 1985 was 36 months/55,000 miles (four fleets). Two fleets used 24 months/55,000 miles and 36 months/65,000 miles. Fleets also reported using 25 months/55,000 miles; 27 months/55,000 miles; 32 months/65,000 miles; 36 months/60,000 miles; 40 months/60,000 miles; 48 months/65,000 miles; 24 months only; 36 months only, and 55,000 miles only.

Fifteen fleets said they are not going to change their replacement cycle from 1985 to 1986; three fleets said they will. Those fleets said they will change from 32 months/65,000 miles to 25 months/55,000 miles; from 55,000 miles to 50,000 miles, and from 65,000 miles to 55,000 miles.

Looking ahead to 1987, three fleets said they will change their replacement cycles to 36 months/

(Continued on page 18)

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Used Car Marketing Results

(Continued from page 17)

55,000 miles. Fleets also gave other cycles to which they will change in the upcoming year: 24 months only; 36 months only; 55,000 miles only; 24 months/50,000 miles; 24 months/55,000 miles; 27 months/55,000 miles, and 36 months/50,000 miles.

Drug and Cosmetic Company Fleets

Sixteen drug and cosmetic company fleets, responsible for 18,187 vehicles (15,035 leased, 1,918 company-owned and 1,234 employee-owned), responded to the survey. In 1985, these fleets sold 6,684 vehicles, or 36 percent of their fleets at the beginning of the year.

Of those cars sold, 59 percent were 1983 models; 17 percent were 1984 models; 16 percent were 1982 models; two percent were 1985 models, and none were 1981 models or older.

Marketing Methods

When marketing their used cars, these fleets sold 41 percent to wholesalers, 31 percent to the employees, 18 percent were consigned to auto auctions and one percent were sold to used car dealers. None were traded to new car dealers.

The average age of the cars sold in this category was 26.6 months. They had traveled an average of 56,687 miles before being sold.

The responsibility of selling fleet cars rested equally with the fleet manager and the leasing company; 14 fleets responded that those two were the major sellers of their cars. Two fleets use a fleet management service to market their cars and one lets the vehicle operator sell his/her own car.

Price Determination

When selling their cars to employees, seven fleets set the price at the Automotive Market Report level. Two fleets sell the car at the book value for which they are carrying it; two use "other" price systems; one fleet uses the Blue Book price; one the wholesale value, and one sells the car for the amount they still owe on it.

The responsibility of determining which of the above pricing systems to use rests with fleet managers in six of the responding fleets. Three fleets said "others" have that job and one fleet allows the leasing company to determine what system to use.

Fifteen of the drug and cosmetic company fleets do not recondition their cars before selling them; one does. Also, thirteen fleets will sell a car "as is" while two will not.

Replacement Cycles

The most often cited replacement cycle for these fleets in 1985 was 36 months/55,000 miles (six fleets). Other cycles were 36 months/60,000 miles (four fleets); 24 months/50,000 miles, 24 months/55,000 miles, 24 months/60,000 miles, 24 months/79,000 miles, 36 months/50,000 miles, and 36 months/65,000 miles (all one fleet each).

Twelve fleets said they were not going to change their replacement cycles from 1985 to 1986. Four fleets will change cycles and they gave seven possibilities to which they will change this year: from 24 months/60,000 miles to 36 months/80,000 miles; from 65,000 to 55,000 miles; from 55,000 to 40,000 miles; to 36 months/55,000 miles; to 80,000 miles, and to 40,000 miles. (The latter three did not give the figures from which they were changing.)

Of those fleets changing replacement cycles in 1987, three cycles were each noted by three fleets as their choice for replacement: 36 months/50,000 miles, 36 months/55,000 miles, and 36 months/60,000 miles. Also noted were 24 months/50,000 miles and 24 months/60,000 miles.

Miscellaneous Company Fleets

Forty-six miscellaneous fleets (those that do not fit into any other category) such as communications, banking and finance, and cooperatives, responsible for 27,978 vehicles (14,155 company-owned, 13,412 leased and 411 employee-owned) responded to the survey. These fleets sold 4,867, or 17 percent, of their fleets in service at the beginning of 1985.

Of those cars sold, 46 percent were 1983 models; 26 percent were 1982 models; nine percent were 1984 models; three percent were 1981 models or older, and no 1985 models were sold.

Marketing Methods

When marketing their used cars, these fleets sold 40 percent of their vehicles to their employees. Twenty-six percent were consigned to auto auctions; 19 percent were sold to wholesalers; four percent to used car dealers, and one percent were traded in to new car dealers.

Average age of cars sold in this category was 34.6 months. Those cars had traveled an average of 64,019 miles before being sold.

(Continued on page 20)

U.S. Commercial Fleets Summary

Total Cars In Survey	
All U.S. Commercial Fleets (221)	187,952
Mostly leased U.S. Commercial Fleets (101)	110,645
Mostly company-owned U.S. Commercial Fleets (120)	77,307
Average Months In Service	
All U.S. Commercial Fleets (221)	30.2
Mostly leased U.S. Commercial Fleets (101)	27.8
Mostly company-owned U.S. Commercial Fleets (120)	33.5
Average Miles When Sold	
All U.S. Commercial Fleets (221)	61,029
Mostly leased U.S. Commercial Fleets (101)	59,496
Mostly company-owned U.S. Commercial Fleets (120)	63,073

Used Car Marketing Results

(Continued from page 18)

For responding fleets, 40 said the responsibility of marketing used cars was that of the fleet managers. Thirteen said this job belongs to the leasing company; four let the field office handle it; three hire a fleet management service and three let the vehicle operator sell his/her own car.

Price Determination

When fleet cars are sold to employees in this category, eight fleets determine the selling price through use of the Automotive Market Report. Seven fleets use the NADA price list; four sell the car at wholesale value; three use the Black Book price; three use "other" price systems; two let the leasing company determine price; two take the highest bid for the car; one sells the car at the value for which they have it on their books and one sells the car for the value at which they get it appraised.

The responsibility of determining which of the above pricing systems to use belongs to the fleet manager in 18 fleets. Three fleets said this job goes to the leasing company; three also said "other" people decide which price system to use, and one lets the dealer decide.

When asked if they recondition cars before selling them, 36 fleets said they do not; nine do. Also, 44 fleets sell cars "as is" while two do not.

Replacement Cycles

The most frequently cited replacement cycle for 1985 was 36 months/55,000 miles. Other cycles mentioned were: 36 months/60,000 miles (four fleets); 48 months/50,000 miles (three fleets); 48 months/75,000 miles (three fleets); 24 months/55,000 miles (two fleets); 24 months/52,000 miles, 24 months/70,000 miles, 28 months/55,000 miles, 30 months/50,000 miles, 30 months/60,000 miles, 36 months/100,000 miles, 36 months/75,000 miles, 36 months/80,000 miles, 38 months/50,000 miles, 40 months/80,000 miles, 48 months/100,000 miles, 60 months/100,000 miles, 60 months/70,000 miles, 60 months/90,000 miles, 24 months only, 36 months only, 50 months only, 50,000 miles only, 55,000 miles only, 70,000 miles only, 80,000 miles, 85,000 miles only, and 100,000 miles only (all one fleet each).

Twenty-nine fleets said they do not plan on changing replacement cycles this year. Fifteen fleets noted they might do so and gave various cycles to which they might change: from 12 months/55,000 miles to 18 months/30,000 miles; from 24 months/55,000 miles to 35 months/80,000 miles; from 27 months/70,000 miles to 24 months/50,000 miles; from 36 months/60,000 miles to 48 months/70,000 miles; from 36 months/80,000 miles to 48 months/75,000 miles; from 40 months/80,000 miles to 36 months/65,000 miles; from 48 months/50,000 miles to 48 months/40,000 miles; from 48 months/70,000 miles to 36 months/60,000 miles; from 48 months/75,000 miles to 42 months/65,000 miles; from 60 months/100,000 miles to 36 months/65,000 miles; from 55,000 miles only to 24 months/55,000 miles; from 55,000 to 62,500 miles only; from 60,000 to 90,000 miles only; from 70,000 to 58,000 miles only; to 62,500 miles only; to 18 months/30,000 miles; to 24 months/50,000 miles; to 27 months/50,000 miles; to 30 months/50,000 miles; to 36 months/40,000 miles; to 36 months/50,000 miles; to 36 months/65,000 miles; to 36 months/85,000 miles; to 42 months/65,000 miles, and to 48 months/90,000 miles. (Those that do not have figures from which they are changing did not give present replacement cycles but did give cycles to which they might change.)

Fleets changing replacement cycles in 1987 gave 36 months/60,000 miles as the most probable cycle they will use. Other cycles noted for use in 1987 are: 24 months/50,000 miles; 36 months/55,000 miles; 30 months/50,000 miles; 36 months/40,000 miles; 36 months/50,000 miles; 50,000 miles only; 80,000 miles only; 18 months/30,000 miles; 24 months/70,000 miles; 30 months/60,000 miles; 36 months only; 36 months/54,000 miles; 36 months/65,000 miles; 48 months/50,000 miles; 48 months/75,000 miles; 48 months/90,000 miles; 50 months only; 60 months/100,000 miles, and 60 months/90,000 miles.

Composite Commercial Fleet

(Based on Average Commercial Fleet Responses)

Fleet Size	850
Cars Sold In 1985	232
Model Year of Cars Sold	
1981 or older	9
1982	60
1983	90
1984	35
1985	7
Unspecified	31
Marketing Methods	
Consigned to Auto Auction	68
Sold To Employee	65
Sold To Wholesalers	16
Traded To New Car Dealers	8
Sold To Used Car Dealers	55
Unspecified	20

NOTE: This composite date should be used with great care. These figures are compiled for year-to-year comparison only, and do not represent the used car marketing practices of any fleet.

Government Fleets

Forty-four U.S. government fleets, responsible for 61,022 vehicles (60,788 company-owned, 232 leased and two employee-owned) responded to the survey. These fleets sold 9,867 vehicles, 16 percent, from the total cars in service at the beginning of 1985.

Sixty-one percent of the cars sold were 1981 models or older. Twenty-two percent were 1982 models; 14 percent were 1983 models, and none were 1984 or 1985 models.

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Used Car Marketing Results

(Continued from page 20)

Marketing Methods

When marketing their used cars, 79 percent of these fleets consigned the vehicles to auto auctions. Three percent traded the vehicle to a new car dealer and one percent sold them to used car dealers. None of the survey respondents said they sell cars to their employees.

Average age for cars marketed in this category was 63.9 months. The cars sold were driven an average 91,679 miles.

Thirty-six fleets said the responsibility of marketing used cars lies with the fleet manager. Five fleets use a fleet management service to do this work and four said the field office handles this responsibility.

Twenty-six government fleets said they do not recondition cars before they sell them while 18 fleets do. Also, 40 of these fleets sell cars "as is" while four do not.

Replacement Cycles

The most often cited 1985 replacement cycle for these fleets was 60 months/75,000 miles (four fleets). Other cycles were 90,000 miles only (three fleets); 96 months/100,000 miles (two fleets); 72 months/100,000 miles (two fleets); 72 months/60,000 miles (two fleets); 66 months/175,000 miles (two fleets); 60 months/100,000 miles (two fleets); 24 months/60,000 miles; 24 months/70,000 miles; 24 months/85,000 miles; 36 months/60,000 miles; 48 months/70,000 miles; 60 months/50,000 miles; 60 months/60,000 miles; 60 months/70,000 miles; 75 months/100,000 miles; 108 months/77,500 miles; 120 months/60,000 miles; 120 months/100,000 miles; 18 months only; 60 months only; 75,000 miles only; 100,000 miles only; 115,000 miles only, and 150,000 miles only (all one fleet each).

Thirty government fleets said they do not plan on changing their replacement cycles from 1985 to 1986; fourteen fleets said they will. Those changes include going from 60 months/100,000 miles to 48 months/70,000 miles; from 72 months/60,000 miles to 36 months/48,000 miles; from 75 months/112,000 miles to 60 months/100,000 miles; from 96 months/100,000 miles to 72 months/75,000 miles; from 99 months/100,000 miles to 72 months/75,000 miles; from 60 months to 48 months; from 42 months to 24 months; from 24 months to 36 months; to 84 months/70,000 miles, and to 36 months/60,000 miles. (The latter two did not give present cycles.)

Looking ahead to 1987, four fleets said they will change their replacement cycle to 60 months/75,000 miles. Two will go to 72 months/60,000 miles; two to 66 months/175,000 miles; two to 48 months/70,000 miles,and two to 36 months/60,000 miles. Also noted for 1987 were: 120 months/60,000 miles; 108 months/77,500 miles; 96 months/100,000 miles; 84 months/70,000 miles; 60 months/90,000 miles; 60 months/70,000 miles; 60 months/60,000 miles; 60 months/50,000 miles; 50 months/80,000 miles; 48 months/80,000 miles; 48 months/70,000 miles; 36 months/55,000 miles; 24

NAFA's Used Car Marketing

Group	Cars	Company-Owned	Leased	Employee-Owned	Sold in 1985	Model 1981 or Older
Total U.S. Commercial Fleets (221)	187,952	65,749	108,462	13,741	51,181	2,047
Insurance (51)	36,363	26,745	9,515	103	12,180	365
Industrial Manufacturing (44)	66,852	4,567	51,076	11,209	15,420	771
Chemical and Petroleum (23)	12,966	7,973	4,878	115	3,282	450
Food and Beverage (23)	12,433	4,644	7,120	669	4,472	0
Consumer Manufacturing (18)	13,173	5,747	7,426	0	4,276	43
Drugs and Cosmetics (16)	18,187	1,918	15,035	1,234	6,684	0
Government (44)	61,022	60,788	232	2	9,687	5,909
Canadian (44)	13,783	7,252	6,074	457	3,205	930
Public Utility (14)	29,278	28,326	952	0	3,870	1,200
Miscellaneous (46)	27,978	14,155	13,412	411	4,867	146
Total Respondents (323)	292,035	162,115	115,720	14,200	67,943	9,814

months/85,000 miles; 24 months/70,000 miles; 150,000 miles only; 100,000 miles only; 95,000 miles only; 90,000 miles only; 75,000 miles only; 60 months only, and 36 months only.

Canadian Fleets

Forty-four Canadian fleets, responsible for 13,783 vehicles (7,252 company-owned, 6,074 leased and 457 employee-owned) responded to the survey. These fleets sold 3,205 vehicles, 23 percent, from their beginning operating fleets in 1985.

Thirty-four percent of those cars sold were 1983 models; 29 percent were 1981 models or older; 25 percent were 1982 models; five percent were 1984 models and two percent were 1985 models.

Marketing Methods

Almost half of the cars marketed (44 percent) were consigned to auto auctions. Twenty-nine percent were sold to employees; 22 percent to wholesalers; 12 percent to used car dealers and one percent were traded to new car dealers.

The average age of cars sold was 32.2 months. They had traveled an average of 78,460 miles (115,382 kilometers).

Thirty-four Canadian fleets responded that the fleet manager has the responsibility of marketing the used cars. Twenty-two said the leasing company has that responsibility; three said a fleet management service does the work for them; one lets the field office handle this aspect and one lets the vehicle operator sell his/her own car.

Price Determination

When cars are sold to their employees, price is determined through use of the Black Book in 17 fleets. Six fleets sell the car at book value; four price it at wholesale price; four at market value; three at the leasing company amount; three take the highest bid; one prices it at the appraisal value and one uses "other" pricing systems.

Twenty-three fleets said the responsibility of choosing which of the above pricing systems to use is determined by the fleet manager. Four said this job belongs to "other" people and one said the leasing company determines which to use.

Thirty-three fleets do not recondition cars before selling them; eight do. Forty-one fleets sell cars "as is" while one does not.

Replacement Cycles

The most frequently noted replacement cycle for Canadian fleets was 36 months/100,000 kilometers (six fleets). Other cycles mentioned were: 36 months/90,000 kilometers (three fleets); 24 months/100,000 kilometers (two fleets); 36 months/80,000 kilometers (two fleets); 36 months/88,000 kilometers (two fleets); 48 months/120,000 kilometers (two fleets); 24 months/121,000 kilometers, 24 months/80,000 kilometers, 24 months/80,500 kilometers, 27 months/150,000 kilometers, 27 months/90,000 kilometers, 36 months/110,000 kilometers, 36 months/55,000 kilometers, 36 months/72,000 kilometers, 36 months/85,000 kilometers, 36 months/96,000 kilometers, 48

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Survey Summary Results

				Selling Methods				
1982	1983	1984	1985	Auto Auction	Employee	Trade-In	Used Car Dealer	Wholesale
13,307	19,960	7,677	1,535	15,027	14,162	3,573	1,773	12,118
2,680	3,532	1,827	609	3,045	3,289	2,070	609	2,194
6,168	5,397	1,850	154	5,243	4,626	308	617	3,392
1,411	450	788	0	460	492	131	197	1,477
844	1,878	805	492	2,057	581	716	45	492
812	1,924	513	0	1,753	1,155	299	43	898
1,069	3,944	1,136	134	1,203	2,072	0	67	2,740
2,171	1,381	0	0	7,653	0	291	99	0
801	1,090	160	64	1,410	930	32	389	705
155	77	39	0	3,444	348	0	39	0
1,265	2,239	438	0	4,867	1,947	49	195	925
16,532	21,912	7,556	1,453	27,534	15,440	3,896	2,300	12,823

Used Car Marketing Results

(Continued from page 23)

months/110,000 kilometers, 48 months/116,000 kilometers, 60 months/62,500 kilometers, 84 months/160,000 kilometers, 112,000 kilometers only, 97,000 kilometers only, 77,500 kilometers only, 71,000 kilometers only, and 36 months only (all one fleet each).

Thirty-three fleets said they were not planning on changing their replacement cycles from 1985 to 1986. Eight said they were going to change and gave various options they are considering: from 24 months/100,000 kilometers to 22 months/85,000 kilometers; from 27 months/90,000 kilometers to 30 months/100,000 kilometers; from 36 months/60,000 kilometers to 24 months/80,000 kilometers; from 36 months/85,000 kilometers to 30 months/77,500 kilometers; from 100,000 kilometers only to 80,000 kilometers only; from 95,000 kilometers only to 87,500 kilometers only; to 18 months/97,000 kilometers; to 33 months/80,000 kilometers; to 33 months/115,000 kilometers, and to 80,000 kilometers. (The latter fleets did not give their present cycles.)

Looking ahead to 1987, four Canadian fleets said they will change their replacement cycles to 36 months/90,000 kilometers or 36 months/100,000 kilometers. Also mentioned were 24 months/80,000 kilometers; 36 months/88,000 kilometers; 48 months/120,000 kilometers; 24 months/100,000 kilometers; 24 months/121,000 kilometers; 24 months/80,500 kilometers; 27 months/160,000 kilometers; 33 months/80,000 kilometers; 36 months/110,000 kilometers; 36 months/55,000 kilometers; 36 months/72,000 kilometers; 36 months/80,000 kilometers; 36 months/88,000 kilometers; 36 months/96,000 kilometers; 48 months/100,000 kilometers; 48 months/110,000 kilometers; 48 months/116,000 kilometers; 60 months/80,000 kilometers; 84 months/160,000 kilometers; 77,500 kilometers only, and 36 months only.

Editor's Note:

In the March Bulletin, NAFA reported the results of its 1985 Personal Use Survey. We have since discovered a computer coding error in one portion of the report for the insurance industry. In that one section alone, the service bureau incorrectly tabulated the number of cars owned, leased, and employee-owned. The correct numbers for the insurance industry are:

Total Vehicles:	45,742
Company-Owned:	24,154
Company-Leased:	15,438
Employee-Owned:	6,150

This change also affects the total number of vehicles covered by the survey. The new totals are:

Total Vehicles:	275,933
Company-Owned:	84,554
Company-Leased:	107,127
Employee-Owned:	10,776

Public Utility Fleets

Fourteen public utility company fleets, responsible for 29,278 vehicles (28,326 company-owned, 952 leased, and zero employee-owned) responded to the survey. These fleets sold 3,870 vehicles in 1985, or 13 percent of the total number of vehicles in service at the beginning of the year.

Thirty-one percent of the cars sold were 1981 models or older; four percent were 1982 models; two percent were 1983 models; one percent were 1984 models and no 1985 cars were sold.

Marketing Methods

Most of the cars marketed went to auto auctions; 89 percent of the fleets said they used auctions. Nine percent sold cars to their employees and one percent to used car dealers.

Average age for cars sold in this category was 66.1 months. They also averaged 78,550 miles (115,515 kilometers) before being sold.

Eleven fleets said the responsibility of marketing used cars went to the fleet manager. Two fleets hired a fleet management service and one let the field office handle the job.

Price Determination

When cars are sold to employees in this category, the price is determined by the use of NADA price lists in three fleets. Two fleets accept the highest bid they get; two price it at the market value and one sells the car at wholesale value.

Fleet managers decide which of the above pricing systems will be used in five of the responding fleets. Two fleets said "others" make this decision.

None of the 14 respondents recondition cars before selling them and all 14 sell cars "as is."

Replacement Cycles

The most frequently cited replacement cycles for public utility fleets were 96 months/100,000 miles and 100,000 miles only (two fleets listed each). Other cycles mentioned were: 120 months/75,000 miles; 84 months/80,000 miles; 60 months/90,000 miles; 60 months/70,000 miles; 60 months/60,000 miles; 60 months/50,000 miles; 42 months/55,000 miles; 36 months/80,000 miles; 36 months/60,000 miles; 80,000 miles only; 72 months only, and 60 months only.

Thirteen fleets said they do not plan on changing their replacement cycles from last year while one fleet said they will. That fleet said it will go from 84 months/80,000 miles to 60 months/60,000 miles.

For 1987, the most frequent replacement cycles public utility fleets have on tap are 96 months/100,000 miles, 60 months/60,000 miles and 100,000 miles only. Other cycles given were: 120 months/75,000 miles; 60 months/90,000 miles; 60 months/70,000 miles; 36 months/60,000 miles; 60 months/50,000 miles, and 72 months only. ■